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INDUSTRIAL PRODUCTION FIGURES FOR THE FIRST NINE MONTHS OF 1984

Product	January-Sept.'84	% Jan.-Sept. '83 over Jan.-Sept. '84
Electricity (bil. kw. hrs.)	1086	105
Petroleum (w/ gas condensate) (mil.tons)	461	99.6
Natural gas (bil.cu.mtrs)	431	110
Coal (mil.tons)	535	99.3
Steel(mil.tns)	116	102
Fertilizer (mil.tons)	23.1	104
Metal-cutting tools (mil. rubles)	1779	108
Robots(units)	10.3	133
Computer Technology (mil.rubles)	2.7	112
Tractors(1000s)	37.5	102
Paper (mil.tons)	4.4	104
Cement (mil. tons)	97.7	102
Meat (mil. tons)	7.8	107
Margarine (1000 tons)	1.0	95
Watches(mils)	50.1	96
Radios(mils.)	6.9	100.9
Television sets (mils.)	6.7	104
Automobiles (1000s)	992	100.7

INDUSTRIAL PRODUCTION FIGURES FOR THE FIRST NINE MONTHS OF 1984

The most notable thing about the production figures for the first nine months of 1984 is that natural gas production rose by 14% in September 1984 compared to September 1983. That made possible an increase of 10% for the entire nine month period. The incremental growth in the month of September clearly represented an important accomplishment.

Contrasting with the growth in natural gas production is the drop in production in petroleum and coal. Petroleum production in September 1984 was 50 million tons compared to 51 in September a year ago. In contrast, last year production in September rose 2 million tons over what it had been in 1982. Based on the drop in production that occured so far this year in January, July and August, it appears very unlikely that Soviet petroleum production will equal the 616 million tons produced during 1983. In all likelihood the Soviets will still produce more than 600 million tons or approximately 12 million barrels a day, but there will be a drop and the Soviets will be lucky if they exceed 1981 production which was 609 million tons.

Similarly production also dropped in the coal industry.

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Production fell about 2% in September 1984 from what it had been in 1982. However that has been a recurring story, while the drop in petroleum production is a relatively new phenomenon.

Meat production is down a small amount in September compared to August. At the same time there does not seem to be much deterioration in the livestock herds. Given the shortage of fodder that has been widely reported in the Soviet Union, there should have been more distressed slaughtering, but that does not seem to have occured as yet.

CURRENCY FIGURES

Rubles Purchased Per 100	Oct. 1983	Sept. 1984	Oct. 1984
Austrian shilling	4.16	3.98	3.92
U.K. pound	114.27	107.46	104.65
W. German mark	29.22	27.95	27.43
U.S. dollar	76.00	84.55	86.00
French franc	9.57	9.11	8.95
Japanese yen	.327	.344	.346
Italian lira	.0482	.0454	.0446
Swiss franc	36.19	33.73	33.46

In keeping with the continuing trend, the currency exchange rates released by Gosplan for October 1984 reveal that all currencies, with the exception of the U.S. dollar and the Japanese yen, have decreased over the last month and over the last year, while the yen and dollar steadily increase.

THE RUSSIAN RESEARCH CENTER takes no official stand on any economic or political matter. The views and analyses expressed in this Newsletter are those of the authors directly associated with the article, or unless otherwise stated, with those of the editor, Marshall I. Goldman.

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ENCLOSED in this Newsletter is an application form and program for the upcoming conference, titled: Are Soviet Military Expenditures Helpful As Well As Hurtful To The Civilian Economy?. The conference is scheduled for February 14th, to be held at the Harvard Faculty Club, 20 Quincy Street in Cambridge, and will run from 9:45 a.m. to 4:45 p.m. All those interested should fill out and return the form as soon as possible.

BALANCE OF TRADE FOR THE FIRST HALF OF 1984

The balance of trade figures for the first half of 1984 indicate some major shifts in Soviet policy. It is clear that the Soviets have made a determined effort to expand their exports and to decrease their imports. This reflects their concern about a growing deficit in their trade balance largely precipitated by the need to import more grain. Thus, a look at the table indicates that for the first half of the year, exports increased by 1.1 billion rubles. Similarly, despite higher grain imports, total imports were reduced by over 300 million rubles. That explains why the trade deficit from the countries listed was reduced from about 2 billion rubles in 1983 to under 100 million rubles in 1984.

It is also notable that Soviet imports from the United States rose by 400 million rubles, almost all of which was grain. At the same time, imports from Canada, New Zealand, Argentina, and Brazil all declined which suggests that those countries were having poorer harvests than normal. Despite the drop in purchases from these countries, the Soviet Union overall imported about 350 million rubles more from the grain exporting countries in the first half of 1984 than they did in 1983. The reports are that the Soviets also bought significant additional grain for delivery in the 3rd quarter in 1984. That should show up in the next report.

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The biggest purchaser of additional Soviet goods was West Germany. They increased their imports by about 700 million rubles. That probably reflects additional petroleum and natural gas imports. Just as in 1982, when the Soviets also expanded their exports significantly, the big jump in 1984 put the Soviet Union in a favorable trading position compared to West Germany. In other words, West Germany normally runs a trade surplus with the Soviets but both in 1982 and 1984 they ran a trade deficit.

SEE TABLE, PAGE 4

BALANCE OF TRADE - 1st HALF OF 1980, 1981, 1982, 1983, 1984

(Million Rubles)

	EXPORTS FROM THE USSR					IMPORTS TO THE USSR				
	1980	1981	1982	1983	1984	1980	1981	1982	1983	1984
Austria	280	392	346	271	381	160	258	251	380	481
Belgium	401	249	530	501	577	176	268	329	305	271
Great Britian	320	349	416	502	691	516	631	354	369	395
Greece	187	350	275	173	224	44	71	78	93	64
Denmark	122	74	199	157	153	39	151	42	42	51
Spain	104	156	77	148	163	67	323	101	148	152
Italy	893	1066	1362	1446	1503	429	498	592	793	679
Netherlands	567	430	715	895	727	178	344	217	314	132
Norway	27	28	37	30	50	39	58	34	53	46
Germany	1067	1207	2059	1614	2314	1603	1586	1525	1893	1726
France	930	1082	1168	1140	1238	937	922	727	973	907
Switzerland	173	90	181	257	187	205	291	224	211	196
Sweden	142	93	159	293	293	132	207	207	145	132
Japan	471	407	390	388	409	907	1168	1532	1237	1036
SUBTOTAL	5693	5973	7914	7815	8910	5432	6733	6213	6956	6268
Sub-Balance of Trade						-261	-760	+1701	+859	+2642
U.S.A.	87	57	76	132	139	764	892	1672	878	1272
Canada	15	28	14	19	9	321	489	554	651	388
Australia	3	8	6	3	6	441	381	411	278	312
New Zealand	1	2	3	1	3	115	96	166	108	31
Argentina	20	23	15	15	14	590	1060	840	798	727
Brazil	12	5	90	6	68	139	384	275	281	228
TOTAL	5831	6096	8118	7991	9149	7802	10035	10131	9550	9226
Balance of Trade						-1971	-3939	-2013	-1959	-77